

AN ACT concerning regulation.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 1. Short title. This Act may be cited as the Private Primary Residential Flood Insurance Act.

Section 3. Purpose. To provide protection of lives and property from the peril of flood, this Act is designed to encourage a robust private primary residential flood insurance market to provide consumer choices and alternatives to the existing National Flood Insurance Program.

Section 5. Definitions. As used in this Act:

"Authorized insurer" means an insurer that is authorized by the Department of Insurance to write insurance under a certificate of authority issued by the Department of Insurance to transact insurance in this State.

"Department" means the Department of Insurance.

"National Flood Insurance Program" means the program of flood insurance coverage and floodplain management administered under the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.) and applicable federal regulations promulgated in Title 44 of the Code of Federal Regulations.

"Primary residential flood insurance" means an insurance

policy covering losses from flood to residential property, other than commercial property insurance, written in this State by any insurer authorized to do business that is not written to apply coverage in excess of the coverage provided under another flood insurance policy, whether issued by a private insurer or the National Flood Insurance Program.

Section 10. Forms. The coverage for residential properties required to have flood insurance that are in a special flood hazard area designated by the Federal Emergency Management Agency shall meet the private flood insurance requirements specified in subsection (b) of 42 U.S.C. 4012a and applicable federal regulations.

Section 15. Regulatory notice of intent. Authorized insurers must:

(1) notify the Department of plans to sell primary residential flood insurance products in accordance with the State's rate filing laws at least 30 days before writing primary residential flood insurance in this State; and

(2) obtain the approval of the Director of Insurance for a plan of operation or material revisions to such plan, including plans to sell primary residential flood insurance.

Section 20. Notice to consumers.

(a) If a consumer currently has no coverage under the National Flood Insurance Program, the consumer applicant must be informed of the existence of the National Flood Insurance Program before being placed with private flood insurance.

(b) All consumers must be informed that the coverage under the National Flood Insurance Program may be provided at a subsidized rate and that the full-risk rate for flood insurance may apply to the property if the applicant later seeks to reinstate coverage under the program. The insurance producer, the surplus lines broker, or the insurer, upon its election or if there is no insurance producer or surplus lines broker, must provide the notice under subsection (a).

(c) This Section only applies if the applicant lives in a special flood hazard area. This Section is inoperative if federal legislation is enacted allowing the insured to switch between private flood insurance and National Flood Insurance Program coverage without risk of penalty.

Section 25. Other provisions.

(a) With respect to the regulation of private flood insurance coverage written in this State by authorized insurers, this Section supersedes any other provision of the Illinois Insurance Code in the event of a conflict.

(b) An insurer shall certify that the insurance policy meets the definition of "private flood insurance", as

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specified in paragraph (7) of subsection (b) of 42 U.S.C. 4012a and applicable federal regulations.

(c) Nothing in this Act is intended to restrict the use of existing filings by an insurer or limit the ability of private insurers to provide flood insurance coverage of any type not addressed in this Act.

Section 30. Rules. The Department may adopt rules to implement this Act.